



**RBA
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO 2
AGENDA DATE 4/5/07
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SUBJECT Approve the negotiation and execution of a loan to the GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION or its affiliate to increase the funding authorized by Motion No 20060608 AHFC004 by \$500 000 for a total amount not to exceed \$1 000 000 under the Rental Housing Development Assistance Program in compliance with applicable federal regulations including Title 24 Code of Federal Regulations Section 85 40 performance goals, for the development of a 22 unit affordable rental housing facility for low and moderate income families at 813 East 8th Street

AMOUNT & SOURCE OF FUNDING Funding is available in the Fiscal Year 2006 2007 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program It is anticipated that \$500 000 will consist of City of Austin Housing Trust Funds (funding previously authorized totaling \$500 000 consisted of \$379 904 in HOME Investment Partnership Act funds and \$120 096 in City of Austin Housing Trust Funds)

FISCAL NOTE There is no unanticipated fiscal impact A fiscal note is not required

REQUESTING DEPARTMENT Austin Housing Finance Corporation **DIRECTOR'S AUTHORIZATION** _____

FOR MORE INFORMATION CONTACT Paul Hilgers Executive Director Austin Housing Finance Corporation 974 3108

PRIOR BOARD ACTION

PRIOR COUNCIL ACTION

BOARD AND COMMISSION ACTION The Austin Housing Finance Corporation Board authorized \$500 000 in Rental Housing Development Assistance program funds for the development of 813 East 8th Street on June 8 2006 by Motion No 20060608 AHFC004

On June 8 2006 Rental Housing Development Assistance (RHDA) program funding in the amount of \$500 000 was authorized by the Board of Directors of the Austin Housing Finance Corporation (AHFC) to assist the Guadalupe Neighborhood Development Corporation (GNDC) in the development of La Vista de Guadalupe a 22 unit affordable rental housing facility for low and moderate income families at 813 East 8th Street Approval of RHDA program funds enabled the GNDC to secure additional funding from other sources including Low Income Housing Tax Credits (LIHTCs) from the Texas Department of Housing and Community Affairs (TDHCA)

Since June 2006 the budget for the project has increased from the initial estimate of \$3 999 039 to \$4 796 725 This increase is attributable to several factors including sharp rises in construction costs increased cost projections for site development and a dramatic decline of the value of LIHTCs in recent months To accommodate the budget shortfall the GNDC has secured increased private financing and is requesting an additional \$500 000 in RHDA program funds Due to the necessary increase in private financing the project will have a significantly greater yearly debt service than initially anticipated Therefore GNDC is also requesting that the terms of RHDA program funds previously authorized be revised to allow for the deferral of yearly payments and the funding forgiven subject to compliance with the conditions of financing

La Vista de Guadalupe will consist of 22 units and a parking structure measuring 13 604 square feet in size The apartments will include six one bedroom/one bath units each measuring 748 square feet in size eight two bedroom/one bath units each measuring 1 092 square feet in size and eight three bedroom/two bath units each measuring 1 537 square feet in size The complex will include an elevator for access to upper floors from the parking garage and numerous other amenities including a washer and dryer in each unit recreation areas and management offices measuring 1 496 square feet in size

The facility will serve families with yearly incomes not to exceed 60 percent of the Austin area's median family income (MFI currently \$42 650 for a family of four) including 18 units reserved for families with yearly incomes not to exceed 50 percent of MFI (currently \$35 550 for a family of four) of which three units will serve families with yearly income not to exceed 30 percent of MFI (currently \$21 350 for a family of four) Monthly rents will range from \$306 to \$400 for one bedroom units \$361 to \$475 for two bedroom units and \$575 to \$650 for three bedroom units Rents plus tenant paid utilities will not exceed 30% of a household's monthly income (Families with Section 8 rent subsidies will be accepted into the facility) Three units will be made accessible for persons with mobility disabilities and one unit for persons with hearing and vision disabilities The project will be developed in accordance with applicable environmental review fund release requirements and S M A R T Housing™ standards

The RHDA program provides federal and non federal assistance as gap financing for the development of affordable rental housing for low and moderate income families and persons with special needs Estimated sources and uses of funds for the project are as follows

<u>Sources</u>		<u>Uses</u>	
TDHCA LIHTCs	\$ 3 041 381	Predevelopment	\$ 78 125
Private financing	325 000	Land	350 000
Foundations/grants	175 400	Construction	3 616 000

Owner equity	254 944	Soft/carrying costs	676 600
RHDA funds (previous)	500 000	Other/contingency	<u>76,000</u>
RHDA funds (current)	<u>500,000</u>	Total	\$ 4 796 725
Total	\$ 4 796 725		

Performance measures associated with the project are as follows

- Develop 22 units of affordable rental housing for low and moderate income families
 Ensure at least three units are accessible for persons with mobility disabilities and one unit accessible for persons with hearing and vision disabilities
 Complete the project in accordance with S M A R T Housing™ standards

The Guadalupe Neighborhood Development Corporation (GNDC) is a non profit 501(c)(3) organization and is certified by the City of Austin as a Community Housing Development Organization (CHDO). GNDC was established in 1981 to provide affordable housing to low and moderate income families in the Guadalupe neighborhood. Since 1981 the GNDC has developed 127 units of affordable housing including 44 units of rental housing.

Following Board approval a loan in an amount not to exceed \$1 000 000 including \$500 000 previously authorized will be negotiated and executed with GNDC or affiliate for a minimum 30 year period at zero percent interest or such other terms as determined necessary and appropriate to finance the project. Repayment of the loan will be deferred and forgiven at the end of the loan period contingent upon GNDC meeting the conditions of the loan agreement.

The requested funding is available in the AHFC Fiscal Year 2006-2007 budget allocation and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low and moderate income households and persons with special needs.